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# The Execution Trap

**By Roger L. Martin**

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*Drawing a line between strategy and execution almost guarantees failure.*

SPOTLIGHT ON THE EFFECTIVE ORGANIZATION

# The Execution Trap

by Roger L. Martin

The idea that execution is distinct from strategy has become firmly ensconced in management thinking over the past decade. So much so, in fact, that if you run a Google search for “A mediocre strategy well executed is better than a great strategy poorly executed,” you will get more than 42,600 references. Where the idea comes from is not certain, but in 2002, in the aftermath of the dot-com bubble, Jamie Dimon, now CEO of JPMorgan Chase, opined, “I’d rather have a first-rate execution and second-rate strategy any time than a brilliant idea and mediocre management.” In the same year, Larry Bossidy, former AlliedSignal CEO, coauthored the best-selling book *Execution: The Discipline of Getting Things Done*, in which the authors declared, “Strategies most often fail because they aren’t well executed.”

The trouble is, Dimon and Bossidy’s doctrine—that execution is the key to a strategy’s success—is as flawed as it is popular. That popularity discourages us from questioning the principle’s validity. Let’s suppose you had a theory that heavenly objects revolve around the

Earth. Increasingly, you find that this theory doesn’t predict the movement of the stars and planets very well. Is it more rational to respond by questioning the theory that the universe revolves around the Earth or to keep positing ever more complicated, convoluted, and improbable explanations for the discrepancy? Applying Dimon and Bossidy’s doctrine rather than Occam’s razor would have you going in a lot of unnecessary and useless circles.

Unfortunately, this is exactly what often happens when people are trying to understand why their strategy is failing, especially when consulting firms are involved. In fact, Dimon and Bossidy’s approach can be a godsend for these firms because it allows them to blame their clients for any mistakes they might make. Firms can in effect say, “It won’t be our strategy advice that will let you down but your implementation of that strategy. (To help you get around that problem, we suggest that we do some change management work for you as well.)”

Of course, lining the pockets of consulting

firms does nothing to further most companies' performance. I suggest a superior way to proceed. Rather than doubling down on the prevailing theory to try to get it to work, consider the simple possibility that the theory is wrong.

So let's evaluate the idea of the brilliant strategy poorly executed. If a strategy produces poor results, how can we argue that it is brilliant? It certainly is an odd definition of brilliance. A strategy's purpose is to generate positive results, and the strategy in question doesn't do that, yet it was brilliant? In what other field do we proclaim something to be brilliant that has failed miserably in its only attempt? A "brilliant" Broadway play that closes after one week? A "brilliant" political campaign that results in the other candidate winning? If we think about it, we must accept that the only strategy that can legitimately be called brilliant is one whose results are exemplary. A strategy that fails to produce a great outcome is simply a failure.

As I hope to show in the following pages, the idea that we have to choose between a mediocre, well-executed strategy and a brilliant, poorly executed one is deeply flawed—a narrow, unhelpful concept replete with unintended negative consequences. But the good news is that if we change the way we think about the problem of strategy versus execution, we can change the outcome.

Let's begin by exploring the consequences of the prevailing view of strategy.

### A Misguided Metaphor

According to the accepted dogma, strategy is the purview of senior managers, who, often aided by outside consultants, formulate it and then hand off its execution to the rest of the organization. The pervasive metaphor that informs our understanding of this process is that of the human body. The brain (top management) thinks and chooses, and the body (the organization) does what the brain tells it to do. Successful action is made up of two distinct elements: formulation in the brain and execution through the body. At the formulation stage, the brain decides, "I will pick up this fork now." Then, at the implementation stage, the hand dutifully picks up the fork. The hand doesn't choose—it *does*. The flow is one-way, from the formulator brain to the implementer hand. That hand becomes a "choiceless doer."

A neuroscientist may quibble with this sim-

plification of the brain and body (and of the true order of operations between them), but it's a fair description of the accepted model of organizational strategy: Strategy is choosing; execution is doing.

To make this more concrete, consider the example of a large retail bank. The CEO and his team formulate a customer strategy. They flow that strategy down to the bank's branches, where it is executed by the customer service representatives (CSRs) on a day-to-day basis. The CSRs are the choiceless doers. They follow a manual that tells them how to treat the customers, how to process transactions, which products to promote, and how to sell them. The hard work of making all those choices is left to the higher-ups. Those on the front lines don't have to choose at all—they just *do*.

Now consider an experience I had working with a large retail bank in the early 1980s. The bank was revising its strategy and, as a young consultant, I asked to shadow a teller to get a better sense of the bank's operations. I was assigned to Mary, who was the top teller in her branch. As I observed her over the course of a few weeks, I began to see a pattern in the way Mary dealt with her customers. With some, she was polite, efficient, and professional. With others, she would take a little longer, perhaps suggesting that they transfer some of the extra money in their checking account to a higher-yielding term deposit or explaining new services the bank had introduced. And with some customers she would ask about their children, their vacations, or their health but relate very little about banking and finances. The transactions still got done in these instances of informality but took far longer than the other customer interactions did. Mary seemed to treat each of her customers in one of these three distinct ways.

After a while, I took Mary aside and asked about her approach. "Customers come in three general flavors," she explained. "There are those who don't really like banking. They want to come in, do their deposits or transfers, and get out again painlessly. They want me to be friendly but to manage the transactions as quickly as possible. If I tried to give them financial advice, they would say 'That's not your job.'"

"Then there's the second kind of customer, who isn't interested in my being her friend but thinks of me as her personal financial service

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manager. This customer wants me to be watching her other accounts.” She pulled out a drawer and pointed to a set of small file cards. “For those customers, I make up these little files that keep me posted on all of their accounts. This lets me offer them specific advice—because that’s what they want from me. If I were to ask about their children or their hip surgery, they’d feel as if I were wasting their time or, worse yet, intruding into their lives.”

“Finally, there’s a group of people who view a branch visit as an important social event, and they’ve come in part to visit their favorite teller. If you watch the lineup, you’ll see some people actually let others go ahead of them and wait for a specific teller to be available. With those folks, I have to do their banking, but I also need to talk to them about their lives. If I don’t, it won’t be the event that they want, and they’ll be disappointed with our service.”

Intrigued, I asked Mary to show me in the teller manual where it described this strategic segmentation scheme and the differential service models. Mary went white as a sheet, because of course none of this was in the manual. “It’s just something I’ve tried,” she explained. “I want customers to be happy, so I do whatever I can to make that happen.”

“But for the middle segment,” I pressed, “you have to make these files yourself, cobble something together that bank systems could be designed to provide.” (Of course bank systems did eventually catch up, and banks created sophisticated computerized customer information

files that looked a lot like Mary’s file cards.) “And frankly,” I continued, “other tellers and customers could benefit from your approach. Why don’t you talk to your bank manager about the three segments and suggest doing things differently?”

That was too much for Mary. “Why would I ever do that?” she replied, suddenly impatient. “I’m just trying to do my job as best I can. They’re not interested in what a teller has to say.”

Mary had been set up as a choiceless doer. She had been given a manual that essentially said, “It’s all about the transaction—just do the transaction and be friendly.” But her own experience and insight told her otherwise. She chose to build and implement her own customer service model, understanding that the ultimate goal of the bank was to create happy customers. To do that, she had to reject her role as a choiceless doer. Rather than obey the teller manual and deliver subpar service, she decided to make choices within her own sphere. She had decided, dare I say, to be strategic.

But Mary understood just as clearly that she was in no position to influence the decisions made at the top of her organization. Although she had chosen to reject the conventional, her superiors had not. So the bank, which could have benefited from her strategic insights, was shut out. It’s a pattern I have seen again and again throughout my career. Often, what senior management needed most—although it was rarely able to recognize it—was to have someone talk with the rank and file in order to understand what was really happening in the business. Senior management couldn’t get that information itself because it had created a model in which its employees were convinced that no one was interested in what they had to say.

### The Choiceless-Doer Dilemma

The strategy-execution model fails at multiple levels of the organization, not just at the front line. Executives, too, are constrained—by the boards, shareholders, regulators, and countless others that dictate to them. Everyone from the top of the organization all the way down to the very bottom makes choices under constraints and uncertainty. Each time a front-line employee responds to a customer request, he is making a choice about how to represent the corporation—a choice directly related to

## A Warning Unheeded

Most managers are so used to believing that strategy and execution are distinct from one another that they are blind to whether the strategy-execution approach makes any sense. The notion that strategy and execution are connected isn’t new. But apparently we didn’t listen carefully enough to the great management theorist Kenneth Andrews, who established the distinction between the formulation of a strategy and its execution in his 1971 book, *The Concept of Corporate Strategy*. He wrote,

“Corporate strategy has two equally important aspects, interrelated in life but separated to the extent practicable here in our study of the concept. The first of these is formulation; the second is implementation.”

Despite the warning that strategy formulation and implementation or execution are “interrelated in life” and “equally important,” four decades later, the strategy-execution theory artificially conceptualizes them as separate. It is high time that we delved a little deeper into the twisted logic of our current approach. If we don’t, we are almost certain to fail.

the fundamental value proposition the company is offering.

So if we can't draw a line in the organization above which strategy happens and below which execution does, what is the use of the distinction between strategy and execution, between formulation and implementation? The answer is none at all. It is a pointless distinction that in no way helps the organization. In fact, it does great damage to the corporation.

In some cases, employees internalize the choiceless-doer model and stick to it faithfully. The employee follows hard-and-fast rules, seeing only black and white because that is what she has been told to see. Her perception of what her superiors expect drives her behavior. She attempts to achieve faithful execution rather than basing her actions on choices about what would be best for the customer within the broad bounds of the strategy of the corporation. This constrains her choices, and turns her into a bureaucrat. Any customer who has ever heard the words, "I'm sorry, there is nothing I can do; it's company policy" or who has called an offshore service call center and listened to the faraway representative read through a script that's utterly unconnected to the problem in front of him knows the pain of dealing with a bureaucrat in a choiceless-doer framework.

In other cases, employees quickly learn the rules of the game and become mechanically obedient. Then they become disillusioned and disconnected. Meanwhile, managers, blinded by the rigidity of the strategy-execution model they have come to know, make high-level abstract choices and assume that everything else is simple implementation. They fail to recognize that the choices made at the top will beget a whole array of difficult choices down the line. If employees make sound choices and produce great results, senior management gets (and usually takes) credit for having put in place a great strategy. If, on the other hand, there are poor results (whether due to bad choices by management, by employees, or both), the conclusion will almost certainly be that there was flawed execution. The employees are players in a lose-lose game: little credit if their team wins, lots of blame if their team loses. This bind creates a sense of helplessness, rather than a sense of joint responsibility for success. Inevitably, employees decide simply to punch their time cards rather

than reflect on how to make things work better for their corporation and its customers.

It's a vicious circle. Feeling disconnected, employees elect not even to try to share customer data with senior managers. Senior managers then must work around their own organization to get the data necessary to make decisions, typically by hiring outside consultants. Frontline employees find the resulting choices inexplicable and unconvincing, because the data comes from outside the organization. The employees feel even more disconnected from the company and more convinced, as Dilbert would say, that they are working for idiots. Senior management blames the frontline employees, frontline employees blame management, and eventually, everyone becomes belligerent. Management imposes executional rules and ways of operating that feel unilateral and arbitrary, and frontline workers act against the spirit of the strategy and withhold data that would aid in decision making.

In this cold, self-centered world, relationships between levels of the organization do not develop or develop with mistrust. Reflection tends to be limited to what impact those in the rest of the system will have on an individual's ability to succeed; the person does not consider his own possible contribution to the problem. Finally, leadership tends to take too much responsibility for success by planning ever more-complex strategies and ever more-stringent implementation plans, while the middle- and lower-level managers see these efforts, feel helpless, and back off from taking responsibility. These are some of the inevitable costs of the mainstream strategy-execution approach.

### **Strategy as a Choice Cascade**

To fix our problem with strategy failure, we need to stop thinking in terms of the brain-to-body metaphor. Instead, we should conceive of the corporation as a white-water river in which choices cascade from the top to the bottom. Each set of rapids is a point in the corporation where choices could be made, with each upstream choice affecting the choice immediately downstream. Those at the top of the company make the broader, more abstract choices involving larger, long-term investments, whereas the employees toward the bottom make more concrete, day-to-day decisions that directly influence customer service and satisfaction.

*Making a distinction between strategy and execution can do great damage to a corporation.*

*When workers are made to feel empowered, the whole organization wins.*

At the CEO level, the choice might be as broad as “In what businesses will we participate?” The CEO would consult and consider broadly—within the constraints imposed by his board, investors, company history, resources, and so on—and make a choice.

Let’s say the CEO decides that the company will invest heavily in the U.S. retail banking business. Given that decision, the president of that business unit might then ask, “How will we seek to win in U.S. retail banking?” Her choice is still quite broad and abstract, but it is explicitly bound by the choice made above her. She decides that the company will win in the retail banking business through superior customer service. From there, yet more choices follow throughout the organization. The EVP of branch operations might ask, “What service capabilities must we develop to deliver consistently superior customer service?” If the answer includes ease of interaction for the customer at the branch, the branch manager might ask, “What does that mean for the hiring and training of CSRs and the scheduling of their shifts?” And the rep on a given desk has to ask, “What does all that mean for this customer, right here, right now?”

It can be a very long cascade from the top to the bottom in a large corporation. In the bank example, there would probably be both a regional and an area manager between the EVP and the branch manager. As the cascade grows, its structure and operating principles become more critical. For the decision-making process to work most effectively, each choice must be integrated seamlessly with the others. In this model, employees are encouraged to make thoughtful choices within the context of the decisions made above them. The approach rests on the belief that empowering employees to make choices in their sphere will produce better results, happier customers, and more-satisfied employees.

The choice-cascade model isn’t nearly as pervasive as the strategy-execution model, but it is implicitly in use in some of most successful companies in the world. Consider Four Seasons Hotels and Resorts, one of the world’s leading high-end hotel chains. Early on, chairman and CEO Isadore Sharp made the decision to build his hotel chain based not on obsequious service and formal decor but on a new definition of luxury. He decided, he said, “to redefine luxury as service, a support system to fill in for the one left at home and the office.”

The problem, of course, was how to get employees at every level to make choices that realized this desired outcome. Traditionally, hotel employees were poorly paid and considered transient and replaceable. Most hotel chains treated their workers as choiceless doers who were told precisely what to do, when to do it, and how—while watching them like a hawk. But the choiceless-doer model would have been the death of Sharp’s vision. He needed every employee, from chambermaid to valet to desk clerk to hotel manager, to make the choices necessary to create a comfortable, welcoming support system for guests. It would have been impossible to make a step-by-step instruction manual of how to create the support system he imagined. So Sharp set out a simple, easy-to-understand context within which his employees could make informed choices. The goal for everyone at Four Seasons would be “to deal with others—partners, customers, coworkers, everyone—as we would want them to deal with us.”

The Golden Rule—which Sharp, like most of us, learned as child—proved to be a powerful tool for aligning the cascade of choices at Four Seasons within his chosen context. If a Four Seasons customer had a complaint, every single employee was empowered to make it right in the way that made the most sense to her and treat the guest with the concern and care she herself would like to receive. And Sharp has walked the talk, treating his employees as he would want to be treated, as he wanted his guests to be treated. He has done it, he says, “by paying as much attention to employee complaints as guest complaints, by upgrading employee facilities whenever we upgraded a hotel, by disallowing class distinctions in cafeterias and parking lots, by pushing responsibility down and encouraging self-discipline, by setting performance high and holding people accountable, and most of all adhering to our credo: generating trust.”

In short, he did it by letting his people choose. The results have been remarkable. Four Seasons is one of just 13 companies in the world to appear on *Fortune*’s list of The 100 Best Companies to Work For every year since the list’s inception. The company also ranks first in its category in the J.D. Power and Associates’ annual Hotel Guest Satisfaction Index and is routinely honored in the *Condé Nast Traveler* Readers’ Choice Awards.

Of course, this empowerment doesn't happen without some encouragement. Leaders like Sharp work hard to create a context in which people below them in the choice cascade understand the choices that have already been made and the rationale for them. Those at the top must also be prepared to engage in discussion—without dominating it—around the downstream choices at each level. This can be made more credible if the leader makes it clear to subordinates that the results from their downstream decisions affect not only themselves but also the upstream decisions on which their choices were predicated (see the sidebar “A Cascade of Better Choices”).

### Creating a Virtuous Strategy Cycle

The choice-cascade model has a positive-reinforcement loop inherent within it. Because downstream choices are valued and feedback is encouraged, the framework enables employees to send information back upstream, improving the knowledge base of decision makers higher up and enabling everyone in the organization to make better choices. The employee is now not only the brain but also the arms and legs of the organizational body. He is both a chooser and a doer. Workers

are made to feel empowered, and the whole organization wins.

This idea isn't new. Progressive management thinkers have been talking about worker empowerment for decades. But that fact raises an important question: With all that empowerment going on, why do so many people still think that execution is all that matters? One answer could be that the firms those people work for do a terrible job of empowering their employees. But if that were the only problem, they'd just need to empower more and everything would be fixed (in other words, use the same old theory, and just apply it more rigorously). This isn't really empowerment but rather those at the top trying to get workers to buy in to their ideas. As those in charge formulate their strategy, they work with change management consultants to determine how they can generate the buy-in they need. They produce workshops and PowerPoint presentations to persuade those below them to be enthusiastic about the chosen strategy and to execute it mechanically as choiceless doers.

Senior managers who focus solely on winning buy-in from those below them don't tend to ask themselves, “How would I like it if I were on the receiving end?” If they did, they'd

## A Cascade of Better Choices

Unlike with the strategy-execution approach, in which leaders dictate set strategies and expect subordinates to mechanically follow, the choice-cascade model has senior managers empower workers by allowing them to use their best judgment in the scenarios they encounter. But to effectively enable those individual choices, a choice maker “upstream” must set the context for those downstream. At each level, the choice maker can help his employees make better choices in four specific ways.

**1. Explain the choice that has been made and the rationale for it.** Too often we mistakenly assume that our reasoning is clear to others because it is clear to us. We must take the time to be explicit about the choice we have made and the reasons and assumptions behind that choice, while allowing the opportunity for those downstream to ask questions. Only when the people immediately downstream understand the choice and the rationale behind it will they feel empow-

ered rather than artificially constrained.

**2. Explicitly identify the next downstream choice.** We must articulate what we see as the next choice, and engage in a downstream discussion to ensure that the process feels like a joint venture that is informed by a hierarchy. Those upstream must guide and inform those downstream, not leave them to make decisions blindly.

**3. Assist in making the downstream choice as needed.** Part of being a boss is helping subordinates make their choices when they need it. The extent of help required will vary from case to case, but a genuine offer should always be a part of the process.

**4. Commit to revisiting and modifying the choice based on downstream feedback.** We cannot ever know that a given choice is a sound one until the downstream choices are made and results roll in. Hence, the superior has to signal that his choice is truly open to reconsideration and review.

probably realize that it seemed detestable. It violates the Four Seasons version of the Golden Rule. Employees don't like the buy-in approach because it creates an artificial distinction between strategy and execution. They are expected to sit there and act as if they enjoy being treated as choiceless doers when they know they have to be something else for this "brilliant" strategy and its attendant buy-in process to be successful. As always, upstream theories, and the decisions based on those theories, constrain downstream experiences. In this case, an upstream theory that divides a company into choosers and choiceless doers

turns empowerment into a sham.

It's time to revisit and revise our upstream theory. The business world may be utterly convinced that better execution is the path to greatness, but in truth, a better metaphor would be much more helpful. Only then will the rank-and-file employees of organizations be free of the scourge of buy-in sessions. And only then will the promise of empowerment have a chance of being realized.

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# The Zurich HelpPoint Perspective



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## **Why do so many executives complain about the gap between strategy and execution?**

When results don't match expectations, everyone asks what went wrong. When this happens, the debate often gets oversimplified to a black-and-white question: Was the vision flawed or was the execution poor? As the architects of the vision, it is difficult for the leaders to lay blame, so execution becomes the scapegoat for everything downstream from the initial setting of the vision.

## **How can people at the top empower those at lower levels to really make the strategy come to life, so they don't just feel like a "choiceless doer"?**

Leaders have to recognize that no matter how clear the strategy is, people at all levels of the organization have to make decisions every day. Since it is impossible to prescribe a set of actions that will be appropriate for every situation, those people have to be empowered to make decisions. To ensure that they make the right decisions — ones that are aligned with the strategy — it is

critical that they understand not just what the leadership wants them to do, but the underlying rationale — the "why" behind the strategy. Once people understand the rationale, they have a set of guiding principles that they can use to help them make decisions in times of uncertainty.

If leaders want people to be empowered to make decisions, it is important for them to recognize and reward the decisions that people make and the behaviors that they exhibit, not just the outcomes. When leaders highlight success stories, they should focus as much on the decisions and the behaviors as on the outcomes. They should find examples where employees did everything right, but may not have achieved the desired outcome. This sends a strong signal to the organization.

## **How can leaders make sure they hear from the lower levels when a strategy isn't clear or a plan of action isn't working?**

It is critical to define upfront what constitutes success and how it will be measured — in other words, have an objective set of metrics. The metrics should address not only the impact on customers and the financial results, but also the impact on the employees themselves. Do they feel more engaged? Do they feel more empowered?

While having clearly defined metrics is necessary, it is not sufficient. Objective measures must be supplemented by qualitative feedback from those implementing the changes. This feedback can be gathered from a variety of means — town hall meetings, visits to the field, blogs, etc. But for that to work, leaders have to set the tone that honest, challenging feedback is not only welcome, but expected. They have to show they are really listening, studying the points, and responding in a considered way.

## **How do leaders make sure that silos and old organizational structures don't get in the way of executing a new strategy?**

Before embarking on a significant change effort, leaders should ask what barriers — both organizational and others — might prevent people from adopting the desired behaviors and then develop a plan to tackle those obstacles. Without some advance consideration and planning, it will be tough to address these issues in the heat of the battle.

It is also important for leaders to recognize that there is much more to an effective organizational model than just the structure — there is culture, incentive systems, etc. These other aspects must be addressed to ensure that the organization can effectively execute. For example, aligning incentives and compensation through a shared bonus pool may be an effective tool if the strategy requires increased collaboration across divisions and functions that were previously siloed.

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